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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council

15 March 1985

NOTE FOR:

C/Japan Branch/OEA
4G31

FROM:

Acting NIO/Econ

SUBJECT: Attached Draft to be LDXed to
Treasury and NSC re Japanese
Trade Negotiations

Can you indicate for me as back-up
which items fall into category of "reciprocal"
treatment, on the lists?

Please also comment on the draft paper.

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MEMORANDUM
OF CALL

Previous editions usable

TO: DL/RR

☒ YOU WERE CALLED BY- ☐ YOU WERE VISITED BY-

OF (Organization) Carl Ford's office

☐ PLEASE PHONE ☐ FTS ☐ AUTOVON

☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL ☐ WISHES AN APPOINTMENT

MESSAGE :

NIC 01433-85 Ltr to
Dr Signer looks
fine.

RECEIVED BY [Signature] DATE TIME

Dave

Elon

If your goal is to tell Mulford that a SIG-IEP will be necessary to thrash out and bless a bottom line, this memo does fine.

What I don't understand is the message we wish to convey. Presumably it is that this time on this issue marginalism is not enough and we want to warn you (Nakasone) early on that some very deep large changes are needed. If this is the case, a very general discussion avoiding technical language would be sufficient (with a few examples thrown in). Frankly, however, I believe it is too early to convey a bottom line. I think it would be better if Olmer's tough talk met a brick wall before the message is conveyed.



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NIC 01433-85
15 March 1985

MEMORANDUM FOR: ~~David~~ David Mulford
Assistant Secretary of Treasury
~~Gaston~~ Gaston Sigur
Special Assistant to the President

25X1

FROM:
Acting National Intelligence Officer for Economics
Carl Ford, Jr.
National Intelligence Officer for East Asia
SUBJECT: Sectoral Negotiations with Japan: Benchmarks
for Success

25X1

1. On Tuesday, 12 March, passed to Bill Barreda of Treasury and Gaston Sigur of the NSC by telephone our comments on the draft positions for each sector.

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2. In light of the delay in conveying these points to Prime Minister Nakasone, we thought it would be a good idea to summarize our position for you on paper.

Our understanding of what was decided at the Saturday morning 9 March 1985 meeting of the Senior Ad Hoc Group was that (1) we would not alter US trade policy to insist on reciprocal treatment and (2) that we would put together our "bottom line" (not a negotiating position) and convey this privately to Prime Minister Nakasone.

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3. Our reaction to the position paper is that it contains elements of requiring reciprocal treatment (rather than correcting the discriminatory application of national treatment) and that it is in fact a negotiating position. Accordingly, we believe that Japan will react very negatively to this posture. Not only do we consider it highly unlikely that Japan could accept this extensive list, but we believe they will perceive this as a very hard line showing little flexibility and understanding by the US. Accordingly, if this list is conveyed to the Japanese as a "bottom line" position by the US, without further room for bargaining, we believe it could be counterproductive. The Japanese may become defensive, may start talking tough in response, and may consider retaliatory action.

4. On the other hand, this could be conveyed as a summary of the US negotiating position, but this of course would not serve the purpose of giving Prime Minister Nakasone a glimpse of the minimal US requirements.



Carl Ford Jr.

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